

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6887**

**BILL NUMBER:** SB 357

**NOTE PREPARED:** Jan 5, 2009

**BILL AMENDED:**

**SUBJECT:** Life Insurer Responsibilities.

**FIRST AUTHOR:** Sen. Nugent

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill specifies certain notice requirements and restrictions for life insurers with respect to viatical settlement contracts.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** If violations of provisions of the bill occur and complaints are filed, the Department of Insurance (DOI) would attempt to reach a settlement with the insurers involved. If a settlement can not be reached, violators could be subject to a hearing by the Commissioner of Insurance. The bill could result in an increase in the number of instances wherein the DOI must attempt to reach a settlement or conduct a hearing, which would increase administrative expenses for the DOI. However, it is presumed that the DOI will be able to handle any additional administrative process that could result from provisions of the bill given its existing level of budget and resources. For FY 2008, the DOI did not revert state General Fund revenue.

**Background:** The bill provides that an insurance company that issues a life insurance policy under which the insured is at least 60 years of age or is terminally or chronically ill must send written notice to the policy owner or certificate holder that a viatical settlement contract is available to the policy owner or certificate holder as an alternative transaction in certain circumstances. Also, an insurer that issues a life insurance policy is prohibited from conducting certain activities relative to viatical settlements.

**Explanation of State Revenues:** As a result of a hearing, violators may be ordered to cease and desist from the unfair or deceptive act or practice, and the Commissioner may order the payment of a civil penalty of not

more than \$25,000 for each act or violation. If the person knew or reasonably should have known that he or she was in violation, the penalty may not be more than \$50,000 for each act or violation. All civil penalties imposed and collected are deposited in the state General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DOI.

**Local Agencies Affected:**

**Information Sources:** Lisa Harpenau, Market Regulation Attorney, DOI, 234-5886; State Budget Agency.

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.